

AMC REPO CLEARING LIMITED

Code of Conduct for the Directors and Key Management Personnel

1) Introduction

AMC Repo Clearing Limited (hereinafter referred to as “ARCL” or “the company”) is governed by the Companies Act, 2013 and rules notified thereunder; the Securities Contracts (Regulation) Act, 1956 read with rules notified thereunder and the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (hereinafter referred to as SCR (SECC) Regulations, 2018) including disclosure requirements and corporate governance norms as specified for listed companies to the extent applicable to clearing corporations.

This Code of Conduct (“Code”) applies to all Directors on the Governing Board of the Company and to the members of the Key Management Team of the Company. The Directors and members of the Key Management Team of the Company are expected to abide by the Code as well as other Company policies or guidelines

2) Definitions

- a) “Director” means a director appointed to the Board of the Clearing Corporation;
- b) “Clearing Corporation” shall mean the AMC Repo Clearing Limited (ARCL);
- c) Key Managerial Personnel’ (the “KMP”) as defined under section 2(51) of the Act means:
 - (i) the Chief Executive Officer or the Managing Director or Manager;
 - (ii) the Company Secretary;
 - (iii) Whole-time Director;
 - (iv) the Chief Financial Officer;
 - (v) such other officer, not more than one level below the directors who is in whole time employment, designated as key managerial personnel by the Board; and
 - (vi) any other person as may be prescribed

Further, as defined in Regulation 2 (1) (j) of the SECC Regulations, 2018 "Key Management Personnel" (KMP) includes a person serving as head of any department or in such senior executive position that stands higher in hierarchy to the head(s) of the department(s) in the recognised clearing corporation, or any person who directly reports to Chief Executive Officer or to the Director on the governing board of the recognised clearing corporation, or any person up to two levels below the Chief Executive Officer or Managing Director, or any other person as may be identified by its Nomination and Remuneration Committee.

Note: KMPs includes the Senior Management Personnel of the Clearing Corporation. (as defined in the Listing Regulations, 2015)

- d) “Public Interest Director” means an Independent Director, representing the interests of investors in securities market and who is not having any association, directly or indirectly, which in the opinion of the Securities and Exchange Board of India (“SEBI”), is in conflict with his role;

- e) "Independent Director" shall have the meaning as defined under the Companies Act, 2013 read with relevant rules and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing regulations") as amended from time to time.

3) Code of conduct for the directors on the governing board:

a) Meetings and minutes

Every director shall –

- i) not participate in discussions on any subject matter in which any conflict of interest exists or arises, whether pecuniary or otherwise, and in such cases the same shall be disclosed and recorded in the minutes of the meeting;
- ii) not encourage the circulation of agenda papers during the meeting, unless circumstances so require;
- iii) offer their comments on the draft minutes and ensure that the same are incorporated in the final minutes;
- iv) insist on the minutes of the previous meeting being placed for approval in subsequent meeting;
- v) endeavour to have the date of next meeting fixed at each governing board meeting in consultation with other members of the governing board;
- vi) endeavour to ensure that in case all the items of the agenda of a meeting were not covered for want of time, the next meeting is held within fifteen days for considering the remaining items.

b) Code of Conduct for the public interest directors

- i) In addition to the conditions stated in Para (a) above, public interest directors of the recognised clearing corporation shall endeavour to attend all the governing board meetings and they shall be liable to vacate office if they remain absent for three consecutive meetings of the governing board or do not attend seventy five per cent of the total meetings of the governing board in a calendar year.
- ii) Public interest directors shall meet separately, at least once in six months to exchange views on critical issues.
- iii) The public interest directors shall identify important issues which may involve conflict of interest for the clearing corporation or may have significant impact on the functioning of recognised clearing corporation or may not be in the interest of securities market. The same shall be reported to the Board.

c) Duties of Independent Directors

As per the Listing Regulations, the duties of Independent Directors as laid down in the Companies Act, 2013 are required to be incorporated in the Code of conduct for Directors which are reproduced herein below:-

The Independent Director shall—

- i) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- ii) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- iii) strive to attend all meetings of the Board of Directors and of the Board committees of which he/she is a member;
- iv) participate constructively and actively in the committees of the Board in which he/she is chairperson or member;
- v) strive to attend the general meetings of the company;
- vi) where he/she has concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that his/her concerns are recorded in the minutes of the Board meeting;
- vii) keep themselves well informed about the company and the external environment in which it operates;
- viii) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- ix) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- x) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- xi) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- xii) acting within his/her authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- xiii) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

d) Strategic planning

Every Director and Key Management Personnel shall –

- i) participate in the formulation and execution of strategies in the best interest of the Clearing Corporation and contribute towards pro-active decision making at the board level;
- ii) give benefit of their experience and expertise to the Clearing Corporation and provide assistance in strategic planning and execution of decisions.

e) Regulatory compliances

Every Director and Key Management Personnel shall-

- i) endeavour to ensure that the Clearing Corporation abides by all the provisions of the Securities and Exchange Board of India Act, 1992, Securities Contracts (Regulation)

Act, 1956, rules and regulations framed thereunder and the circulars, directions issued by the SEBI from time to time;

- ii) endeavour compliance at all levels so that the regulatory system does not suffer any breaches;
- iii) endeavour to ensure that the Clearing Corporation takes steps commensurate to honour the time limit stipulated by SEBI for corrective action; and
- iv) not support any decision in the meeting of the Board which may adversely affect the interest of investors and shall report forthwith any such decision to the SEBI.

f) General responsibility

Every Director and Key Management Personnel shall-

- i. place priority for redressing investor grievances and encouraging fair trade practice so that the Clearing Corporation becomes an engine for the growth of the securities market;
- ii. endeavour to analyze and administer the Clearing Corporation issues with professional competence, fairness, impartiality, efficiency and effectiveness;
- iii. unless otherwise required by law, maintain confidentiality and shall not divulge/disclose any information obtained in the discharge of their duty and no such information shall be used for personal gains;
- iv. maintain the highest standards of personal integrity, truthfulness, honesty and fortitude in discharge of their duties in order to inspire public confidence and shall not engage in acts discreditable to their responsibilities;
- v. perform their duties in an independent and objective manner and avoid activities that may impair, or may appear to impair, their independence or objectivity or official duties;
- vi. perform their duties with a positive attitude and constructively support open communication, creativity, dedication, and compassion; and
- vii. not engage in any act involving moral turpitude, dishonesty, fraud, deceit, or misrepresentation or any other act prejudicial to the administration of the Clearing Corporation.